

***Case No COMP/M.4698 -
APOLLO / CEVA / EGL***

Only the English text is available and authentic.

**REGULATION (EC) No 139/2004
MERGER PROCEDURE**

Article 6(1)(b) NON-OPPOSITION

Date: 16/07/2007

***In electronic form on the EUR-Lex website under document
number 32007M4698***



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 16/07/2007

SG-Greffe(2007) D/204484

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying parties

Dear Sir/Madam,

**Subject: Case COMP/M.4698 – Apollo/CEVA/EGL
Notification of 14/06/2007 pursuant to Article 4 of Council Regulation
No 139/2004¹**

1. On 14 June 2007, the Commission received a notification of a proposed concentration by which the undertaking CEVA Group Logistics Plc ("CEVA" United Kingdom), controlled by the private equity fund Apollo Group ("Apollo", United States), acquires control of the whole of the undertaking EGL, Inc. ("EGL", United States) by way of purchase of shares.

I. THE PARTIES

2. **CEVA** is a provider of domestic and cross border contract logistic services.
3. **EGL** offers domestic and international air and sea freight forwarding as well as domestic land freight forwarding services. EGL has also minor, ancillary activities in contract logistics services.

¹ OJ L 24, 29.1.2004 p. 1.

II. THE OPERATION

4. The operation concerns the acquisition by CEVA of the entire share capital of EGL. The transaction therefore constitutes a concentration within the meaning of Article 3 (1)(b) of the Merger Regulation. The concentration fulfils the turnover requirements for notification to the Commission.

III. COMMUNITY DIMENSION

5. The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 billion². Each has a Community-wide turnover in excess of EUR 250 million and they do not achieve more than two-thirds of their aggregate Community-wide turnover within one and the same Member State. The notified operation therefore has a Community dimension.

IV. COMPETITIVE ASSESSMENT

Product and Geographic Markets

6. In previous decisions the Commission has defined freight forwarding as “the organisation of transportation of items (possibly including activities such as customs clearance, warehousing, ground service etc.) on behalf of customers according to their needs”.³ The freight forwarding market has been segmented into “domestic and international freight forwarding and freight forwarding by air, land and sea”.
7. The Commission has in the past defined a market for contract logistics as “the part of the supply chain process that plans, implements and controls the efficient, effective flow and storage of goods, services and related information from the point of origin to the point of consumption in order to meet customer’s requirements”.⁴
8. The parties have proposed product market definitions for both freight forwarding and contract logistics in line with Commission's previous cases. However, for the purpose of the case, the precise definition of the relevant product markets can be left open, since the transaction would not raise competitive concerns under any alternative product market definition.
9. As regards the relevant geographic market, the parties submit that the markets concerned by the transaction are EEA-wide in scope. Although, to date, the Commission has not concluded on the precise market definition of the relevant markets as EEA-wide, it has found strong indications that they are increasingly broader and

² Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Notice on the calculation of turnover (OJ C66, 2.3.1998, p25).

³ See Case M. 4045 Deutsche Bahn/Bax Global; Case M. 3971 Deutsche Post/Exel; Case M.3603 UPS/Menlo; Case M. 3496 TNT Forwarding Holding/Wilson Logistics; and Case M.1794 Deutsche Post/Air Express International.

⁴ See Case M. 4232 Scottish & Newcastle/Kuehne+Nagel/JV; Deutsche Post/Exel and Case M. 3496 TNT Forwarding Holding/Wilson Logistics.

likely to be EEA- wide.⁵ However, for the purpose of this case, the precise market definition can be left open since the transaction would not raise competitive concerns under any alternative geographic market definition.

Competitive assessment

10. CEVA is the only company, within the Apollo Group's portfolio, active in the same market and/or a market vertically related to that of EGL in Europe.
11. There are no horizontal overlaps or vertical relationships between CEVA/Apollo Group and EGL that would result in market shares above [0-10]% at the EEA level in all relevant markets.
12. If the contract logistics market were to be defined as national in scope, CEVA would have market share of [10-20]% in Italy. EGL has minor ancillary activities in contract logistics in Italy. The parties estimate these activities give EGL a market share of [0-10]% on the hypothetical Italian national market for contract logistics.
13. Therefore, in view of the fact that a) the combined market shares, at the EEA level would not exceed [0-10]% in any of the above mentioned relevant product markets and b) in a potential national (Italian) market of contract logistics market CEVA's relatively low market shares of [10-20]% would only be, post-acquisition, marginally increased by [0-10]%, it can be concluded that the transaction would not significantly impede effective competition in the common market or in a substantial part of it.

V. CONCLUSION

14. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation (EC) No 139/2004.

For the Commission,
signed,
Neelie KROES
Member of the Commission

⁵ See in particular Case No. M.3971- Deutsche Post/Exel.